

1099 Seminars from IRS

In order to help those working in this industry, we invite you to attend a **free, confidential tax seminar** presented by the IRS.

Madison Public Library

610 Gallatin Pike South
Madison, TN 37115
Tuesday, August 24, 2004
6 p.m. - 7:30 p.m.

Edmondson Pike Public Library

501 Edmondson Pike
Nashville, TN 37211
Thursday, August 31, 2004
6 p.m. - 7:30 p.m.

Bordeaux Public Library

4000 Clarksville Pike
Nashville, TN 37218
Thursday, September 9, 2004
6 p.m. - 7:30 p.m.

Green Hills Library

3701 Benham Avenue
Nashville, TN 37215
Thursday, December 2, 2004
6 p.m. - 7:30 p.m.



To register for this informative session, call:

Patsy Burger (615) 250-5060

Register by e-mail:

Patricia.Burger@irs.gov

Form 1099-MISC Used to Report Payments Made to Independent Contractors

If a business makes payments totaling \$600 or more a year to an independent contractor, the payments must be reported to the Internal Revenue Service using Form 1099-MISC, *Miscellaneous Income*.

An independent contractor is someone who is paid to perform work at a business, but is not considered to be an employee. Several factors must be considered to properly determine whether a worker is an employee or an independent contractor. For more information on worker classification, refer to Publication 15-A, *Employers Supplemental Tax Guide*.

To properly complete Form 1099-MISC, businesses will need the social security number (SSN), employer identification number (EIN), or individual taxpayer identification number (ITIN) of an independent contractor, plus their name and complete address.

Businesses should always ask an independent contractor to complete Form W-9, *Request for Taxpayer Identification Number and Certification*, before he or she begins work. If a business does not obtain an SSN, EIN or ITIN before paying the contractor, income taxes must be withheld from the payment. This is called “backup withholding”. The rules require that 28 percent of the payment be withheld and sent to the IRS. Businesses that fail to collect and pay to IRS backup withholding payments may be assessed penalties.

Important reasons for filing Form 1099-MISC

If there is any failure to file a correct Form 1099-MISC or to provide a copy to a payee, and the failure is due to intentional disregard, you may be subject to a penalty of up to 10% of the amount that should have been reported on each form, with no maximum penalty.

By filing Form 1099-MISC, businesses taking a tax deduction for amounts paid to independent contractors will have a record to help substantiate the deduction.

How and When to File Form 1099-MISC

Form 1099-MISC may be filed electronically, magnetically or by paper. Use of the Filing Information Return Electronically (FIRE) system is the most cost-effective method and is easier than filing on paper. Businesses filing more than 250 Form 1099-MISC (or any other information returns) are required to file electronically or magnetically. To file Form 1099-MISC electronically, complete and submit Form 4419, *Application for Filing Information Returns Magnetically/Electronically*, at least 30 days before its due date.

Form 1099-MISC due dates:

- Furnish a Copy to the recipient by January 31, 2005
- File Copy A with the IRS by February 28, 2005
- Businesses that file electronically, the due date [to file Copy A with the IRS is extended to](#) March 31, 2005

Where to Go To Learn More

The IRS has identified a trend in the construction industry indicating that Forms 1099-MISC and W-2 are not being filed as required. In order to help those working in this industry, we invite you to attend a [free, confidential tax seminar](#) presented by the IRS.

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For information on how to complete or obtain forms, instructions and publications: www.irs.gov.

Find more help for Construction Business owners:
<http://www.irs.gov/businesses/small/industries/content/0,,id=99329,00.html>

Obtain more information on filing returns electronically by calling 1-866-455-7438.

For other tax information related to business returns or accounts, call 1-800-829-4933.